



# Committee On Finance

Max Baucus (D-Mont.)

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For Immediate Release  
January 4, 2007

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## **Floor Statement of Senator Max Baucus (D-Mont.) Regarding AMT Repeal**

Mr. BAUCUS: Mr. President, there is a monster in the tax code. Like Frankenstein, the Alternative Minimum Tax brings back to life – higher taxes. Higher taxes that families had been told not to worry about are brought back because of the Alternative Minimum Tax, or AMT. It is a monster that really cannot be improved. It cannot be made to work right. It is time to draw the curtain on this monster.

That is why I am pleased to join with my friend Chuck Grassley, and our fellow Committee colleagues, Senators Schumer, Kyl, and Crapo to introduce legislation today that will repeal the individual AMT. Our bill simply says that beginning January 1, 2007, individuals will owe zero dollars under the AMT. Further, our bill provides that individuals with AMT credits can continue to use those credits up to 90% of their regular tax liability.

If we don't act, in 2007, the family-unfriendly AMT will hit middle-income families earning \$61,000 with three children. What was once meant to ensure that a handful of millionaires did not eliminate all taxes through excessive deductions is now meaning millions of working families, including thousands in my home state of Montana, are subject to a higher stealth tax. It is truly bizarre that we've designed a tax that deems more children "excessive deductions" and punishes duly paying your state taxes. Already, 5,000 Montana families pay a higher tax because of the AMT. But this number could multiply many times over if we don't act soon.

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Not only is the AMT unfair and poorly targeted, it is an awful mess to figure out. The National Taxpayer Advocate has singled out this item as causing the most complexity for individual taxpayers.

Of course, repeal does not come without cost and that cost is significant even if we assume the 2001 and 2003 tax cuts aren't extended. We are committed to working together to identify reasonable offsets. Certainly, I don't think we want a tax system unfairly placing a higher tax burden on millions of middle-income families with children. But it doesn't serve those families either if our budget deficit is significantly worse.

Like Frankenstein's monster, the AMT brings a most unpleasant reaction from those whom it encounters. It is time we end this drama and repeal the AMT.

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